



## Memorandum

Date: November 8, 1996

To: CALFED

From: Lester A. Snow

Subject: CALFED Implementation Budget Coordination and Federal Budget Process

The Framework Agreement of June 1994 explicitly recognized the need for, and benefits of, increased coordination and integration of the activities of State and Federal agencies with responsibilities in the Bay-Delta system. Implicit in the Framework approach was the understanding that individual agencies' budget process and administrative procedures are inherently more efficient when undertaken in a coordinated fashion.

This need for an integrated administrative approach was further highlighted in the Council on Environmental Quality Report, *The Ecosystem Approach: Healthy Ecosystems and Sustainable Economies Volume II--Implementation Issues*, released in 1995, indicating the need for such coordination with respect to watershed management-type activities. A streamlined Federal budget process is consistent with Vice-President Gore's *National Performance Review--Reinventing Government's* recommendations. The California Congressional delegation also recognized this need by including in Section 103 of the California Bay-Delta Environmental Enhancement and Water Security Act a requirement to prepare a budget cross cut of all Federal agency programs related to the Bay-Delta region.

Proposition 204 and California Bay-Delta Enhancement Water Security Act requires State/Federal cost-sharing and cross-cut budgets--both to ensure better integration of activities. While a broader cost-share discussion must be initiated in order to integrate user fees and other non-State and Federal revenues into the long-term finance strategy, immediate effort must focus on Federal appropriations in support of Proposition 204 and the Water Security Act. Two approaches to appropriations have been discussed.

The first approach would be to distribute appropriations among the Federal agencies and achieve coordination through the budget planning process by developing a single cross cut budget addressing CALFED support and implementation. Under this approach, there could be as many as five different appropriations subcommittees providing funding if each

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### CALFED Agencies

#### California

The Resources Agency  
Department of Fish and Game  
Department of Water Resources  
California Environmental Protection Agency  
State Water Resources Control Board

#### Federal

Environmental Protection Agency  
Department of the Interior  
Fish and Wildlife Service  
Bureau of Reclamation  
Department of Commerce  
National Marine Fisheries Service

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agency went through the normal appropriation process. These would include Appropriations Subcommittee for Agriculture, Commerce, Energy and Water Development, Interior and Related Agencies, and VA-HUD and Independent Agencies.

A second approach would be to achieve coordination with a single Federal agency taking the lead in requesting all of the funds required and reallocating them to the other participating Federal agencies. This would assure that the work is coordinated among the various agencies and that no key element of the plan is left out because one of the Appropriations Subcommittees fails to appropriate the necessary funds.

This approach could be best integrated through one Appropriations Subcommittee, and a key objective will be placing all the funds in one account. As required by Section 602(b) of the Budget Enforcement Act of 1990, the Congressional spending allocations are suballocated to each Appropriations Subcommittee. The 602(b) allocation sets the limit on the total funds that subcommittee has for assigning to their respective agencies. A special Section 602(b) account for CALFED could be given to the Appropriations Subcommittee. This adjustment would reflect the funds that would be transferred between participating agencies with the Appropriations Subcommittee that is funding the CALFED activities receiving the increase.

Any Federal agency could be the lead funding agency. Since both the Corps of Engineers and the Bureau of Reclamation will have the largest share of the Federal program and both receive their appropriations through the Energy and Water Appropriations Subcommittee, one of these Agencies could be assigned the lead. (Note: The Energy and Water Subcommittee 602(b) allocation has been declining the past few years. Unless there is a reallocation between the other appropriations subcommittees, subcommittee chairs will not favor any proposal that would require them to fund work for agencies that normally would get their funds through another subcommittee.)

For a coordinated funding effort to succeed, the Administration should take the lead when the President's Budget is sent to Congress and identify that there is a lead agency for CALFED funding and that the other agencies' budgets have been adjusted to reflect the additional CALFED funding being transferred from the lead agency. The administration can show its strong support for the CALFED Program by its efforts to achieve a coordinated funding effort among all of the participating stakeholders. The effort will require support for an additional funding allocation to the lead agency large enough to cover not only the lead agency's needs, but also meet the requirements for all of the participating Federal agencies.